



Date: April 17, 2006

To: Gerald R. Miller, City Manager *GRM*

From: Michael A. Killebrew, Director of Financial Management *MAK*

For: Members of the Budget Oversight Committee

Subject: Airport Parking Revenue

At the request of the Budget Oversight Committee at their March 21, 2006 meeting, the following information regarding the City of Burbank's revenue from the Bob Hope Airport is below.

The Burbank-Glendale-Pasadena Airport Authority is a separate governmental agency created under a joint powers agreement between the three cities of Burbank, Glendale and Pasadena in 1977 for the sole purpose of owning and operating the Bob Hope Airport. The Authority consists of nine commissioners, three from each city. The commissioners from each city are appointed by their city council.

On December 12, 1995, the Burbank City Council approved an ordinance that authorized the collection of a Transient Parking Tax (TPT) from all publicly owned parking lots (except hospitals) located on city property. This tax, set at 10 percent, has been collected by the city since February 1, 1995. The Council then placed the tax on the ballot for voters to approve due to Proposition 218 (which requires that any general tax imposed after January 1, 1995, be approved by a majority of the voters) in late 1996. The voters approved the TPT by a majority vote of 61 percent in the April 8, 1997 election.

On December 17, 2002, the Burbank City Council approved a measure to increase the tax from 10 to 12 percent be placed on the April 8, 2003 ballot. It was subsequently approved by the voters.

The TPT is a stable source of General Fund revenue for the City of Burbank, representing approximately 2.0 percent of total General Fund recurring revenue. In FY 2004-05, Burbank received \$2.5 million in TPT revenues. It is expected to receive \$2.8 million in FY 2005-06.

Attachment A is the Parking Tax information provided to the BOC in 2005, as well as a matrix comparing comparable cities.

Should you require any further information, please do not hesitate to contact me at 8-6427.

Attachments

cc: Mayor and Members of the City Council
Gary L. Burroughs, City Auditor
Robert E. Shannon, City Attorney
Tom Reeves, City Prosecutor
Christine F. Shippey, Assistant City Manager
Suzanne R. Mason, Deputy City Manager
Reginald I. Harrison, Deputy City Manager
City Manager Department Heads

Parking Lot Tax

The City of Long Beach does not currently have a Parking Lot Tax. A Parking Lot Tax could be applied to all public and private parking lots located in the City or specific designated lots. It could be applied as a percentage of the parking fee or as an ascending tax depending on the parking cost and length of time.

Parking lot operators would be required to collect the tax from parking lot occupants and remit the collections to the City. The annual revenue to be generated from a citywide parking tax is roughly estimated at \$1.5 to 2.2 million, assuming a 10 percent tax rate. Revenue generated could be available to support general government programs, services and infrastructure maintenance, depending on the ballot language used. The tax could also be applied to specific lots within the City. For example, a 10 percent tax on airport parking could generate \$800,000 to the General Fund annually.

There are some special considerations associated with a Parking Lot Tax.

- Existing City contracts and leases with parking operators, and a few City Parking Garage Bonds, would have to be reviewed to evaluate the legality of such a tax and how the agreements might be affected.
- Other cities have parking lot taxes ranging from 10 percent in Los Angeles to 25 percent in San Francisco.
- Compliance is a known problem-area as many parking operations run on a cash basis, making it difficult to audit. Also, exemptions are also common for specified City lots, residential parking and long-term hotel residents. The City of Los Angeles collects approximately \$60 million per year from their tax.
- San Francisco also expressed problems with compliance. They designate this tax revenue to program services for senior citizens, public transportation and their general fund. They collect approximately \$56 million per year.
- Chicago allows parking operators to retain 1 percent of the tax for administrative purposes.

There is no record of any 2004-2005 ballot including a Parking Lot Tax measure. Please refer to the attached matrix for additional information on comparable cities.

**Survey of Comparable Agencies
Parking Lot Tax**

Question	Long Beach ¹ (475,880) ²	Anaheim (301,207)	Fresno (455,676)	Los Angeles (3,719,310)	Oakland (382,369)	Sacramento (405,444)	San Diego (1,220,734)	San Francisco (731,978)	San Jose (852,616)	Santa Ana (332,574)
Type - Special or General					General			General		
% Vote Received					43.8% (Fail)			58.4 % (Pass)		
Election Date					November 5, 2002			June 1980		
Tax Amount - \$ or %				Currently at 10%	Increase from 10% to 20% (Public & Private Lots)			Increase from 15% to current 25% rate (Public & Private Lots)		
Projected Annual Revenue				\$59 million annually	\$6.6 million			\$56 million annually		
Sunset Date					5 Years					
Purpose / Possible Uses					Advisory measure to allocate funds to violence prevention programs.			Senior Citizen, public transportation and general governmental purposes		
Comments					Utility Tax, TOT and Parking Lot Tax were all placed on the same ballot. Note: All three measures did not pass.					

¹ A hypothetical 10% Parking Lot Tax applied Citywide would result in a projected \$1.5 to 2.2 million in additional annual revenue. Allocation of funds would be dependent on ballot language.

² Population based on US Census Estimates for 2003